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C O N F I D E N T I A L SECTION 01 OF 04 NEW DELHI 007013

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PASS TO NRC

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TAGS: [PARM](#) [PREL](#) [KNNP](#) [ETTC](#) [IN](#) [NSSP](#)

SUBJECT: NSSP PHASE ONE: REVIEWING ACHIEVEMENTS AND PENDING ISSUES

REF: A. NEW DELHI 6773-6779 AND 6816

- [1](#)B. STATE 225298
- [1](#)C. NEW DELHI 6699
- [1](#)D. NEW DELHI 6734
- [1](#)E. NEW DELHI 6735
- [1](#)F. NEW DELHI 6610 AND PREVIOUS

Classified By: DCM Robert O. Blake, Jr., Reasons 1.4 (B,D).

[1](#)1. (C) Summary: This is the first of two cables reporting on the Next Steps in Strategic Partnership (NSSP) Implementation Group. USG and GOI counterparts met in two positive and productive sessions of the NSSP Implementation Group on October 20-21 to review accomplishments under Phase One and chart the course for Phase Two. Although there are some pending issues we need to resolve -- some contentious such as the status of onward proliferation cases -- the GOI continues to demonstrate high-level resolve to maintain momentum. Throughout the course of the meetings, both sides exchanged forthright views on mutual expectations, and defined areas where more information is needed or where action is pending. After reviewing measures the GOI has already taken to strengthen its export controls, the Indians commented that work is already well-advanced on issues such as developing a framework for stronger export controls. Considerable effort, however, must be sustained to ensure effective implementation such as introducing legislation that adequately covers "intangible" technology transfers and provides for "catch-all" controls. Other issues, such as formulation of an Indian missile defense doctrine, remain in the beginning stage. The Indian side agreed to a further discussion of Phase Two issues in connection with the November 18-19 High-Tech Cooperation Group (HTCG) meeting. End Summary.

[1](#)2. (U) A/S Rocca led the USG delegation comprised of Commerce Deputy Assistant Secretary Borman, DCM, PolCouns, and representatives from the State Department's Bureaus for South Asia, Non-Proliferation, and Arms Control, the Department of Defense, as well as the Science and Customs offices at Embassy New Delhi. With similarly broad representation, the GOI delegation was led by MEA Additional Secretary for International Security Meera Shankar, with

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participation from MEA Joint Secretary (Americas) S. Jaishankar, other MEA officials from the Americas and Disarmament Divisions as well as representatives from the Department of Atomic Energy, Department of Space, and the Defense Ministry's Defense Research and Development Organization (DRDO). The NSSP Implementation Group meeting took place in two sessions, October 20-21. The following cable provides reporting on achievements and pending issues from Phase One; reporting on the next steps for Phase Two will follow septel. Because of scheduling constraints, not all participants were able to attend all sessions. Participant list follows in para 12.

Phase One: Accomplishments and Pending Issues  
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[1](#)3. (C) In her opening remarks on Phase One, A/S Rocca reviewed significant accomplishments: Removing ISRO from the Entity List; removing licensing requirements for certain dual-use items exported to Indian Space Research Organization (ISRO) subordinates; and expanding the "presumption of approval" for all dual use items not controlled by the Nuclear Suppliers Group (NSG) for "balance of plant" operations. She inquired about the GOI response to U/S Grossman's letter offering the sale of the Patriot PAC-2 missile defense system and expressed USG desire to continue the Strategic Stability Dialogue.

[1](#)4. (C) Additional Secretary Shankar began by describing India's security perimeter as "stretching from the Straits of Malacca to the Gulf and beyond." In addition to the security concerns posed by India's immediate neighbors, Shankar said that proliferation linkages with this region also impinge on Indian security. Chinese proliferation of centrifuge technology to Pakistan, for example, and subsequent onward proliferation to Libya, North Korea and others also pose security risks to India. Because of the direct impact of

proliferation on India's security, Shankar urged the US to share intelligence about proliferation in the region, particularly the status of dismantling the AQ Khan network. A/S Rocca responded that it may not be possible to provide more information at this time without endangering the ongoing investigation, but underlined US commitment to dismantle the AQ Khan network "root and branch."

#### Onward Proliferation -----

15. (C) Both sides agreed that it is necessary to determine the status of several pending onward proliferation cases. Shankar presented eight non-papers outlining the GOI investigation of numerous cases raised by the US (Ref A), but expressed frustration that current cases are reviewed, new ones are added, but old cases never seem to be resolved. "Our agencies want to see the NSSP as forward-looking and prospective, not retrospective," Shankar said. Caroline Russell, the NP representative, assured Shankar that Indian information is carefully considered, but since our goal is to have a dialogue, further questions often arise about the original situation, if not about GOI action. As information is exchanged, cases can be removed from the list.

16. (C) After A/S Rocca delivered the demarche points in Reftel B regarding Russia's transfer of MTCR Category II propellant mixers to India's ballistic missile program in 1999, GOI representatives expressed dismay and dissatisfaction on several counts (Reftel C). Beyond their reaction to the case itself, Shankar broadened her critique by stating the GOI view that conventional weapon issues are outside the purview of the NSSP. "The US has raised concerns about conventional weapons based on your own foreign policy and political concerns," she said, "but these concerns are best addressed by in our respective Foreign Ministries, not the NSSP." "It seems that you have some discretion in interpreting your laws and choosing which cases to raise and when," she continued. "On the case of China providing ring magnets to Pakistan," for instance, "despite substantial evidence, sanctions were not imposed." Shankar offered two non-papers about proliferation to Pakistan (Refs D and E), with a request that the US investigate the matters and share any resulting information with the GOI.

17. (C) Turning the tables, Mr. Siddhartha, a consultant to MEA and former DRDO official, wanted assurances that the US would not allow Indian technology to be passed on to Pakistan, as in the case of a mission control computer developed in India that could be fitted on an F-16. He predicted that such situations may be more common in the future as India's technology sector develops.

18. (C) Finally, Shankar reiterated concerns that information the GOI has shared with the US on cases of onward proliferation, e.g., NEC, has been shared with other governments without GOI consent, possibly endangering cases under judicial review. Russell assured the GOI that the US treated the information they provided with the utmost confidentiality. She said she was unaware that any GOI

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information had been passed on to other governments, but noted that the U.S. did on occasion share with other countries information from its own sources. She observed that in the NEC case, the subsequent warning issued by the German government could have been based on press accounts of the public announcement of U.S. sanctions against NEC in 2002.

#### Sanctioned Scientists -----

19. (C) Returning to the controversial issue of US sanctions against two Indian scientists for involvement in Iran's WMD program (Reftel F), Shankar said the timing of the announcement could not have been more unfortunate because "it tarnished the shine of the NSSP." She reiterated the GOI's oft-stated defense that Dr. Surendra has never been to Iran and that Dr. Prasad worked on safety issues at the Bushehr nuclear reactor under IAEA auspices. The sanctions determination has raised questions within the GOI about the credibility of the NSSP; a decision to drop sanctions would consequently bolster confidence among GOI skeptics, according to Shankar.

110. (C) A/S Rocca acknowledged that the timing of these penalties was regrettable, but believed the intelligence to be solid and stated that the determination would be upheld unless the GOI presents new information. "We do not share your perception of this issue," Shankar replied. A/S Rocca responded that it is critical to develop better means of communication to ensure that similar cases do not occur in the future.

111. (C) Indicating the depth of GOI resentment on this case, Jaishankar again raised the issue of the sanctioned

scientists on the second day of meetings. The announcement of US penalties against the two eminent scientists "played badly in the media, but much worse in-house," he said. Citing an article about the case in the local press the day before, he predicted, "We will keep getting hammered on this (until the decision is reversed)." He went on to say that he is "personally aggrieved" by the way the announcement was handled. Recalling that a State Department official contacted him by cell phone in a restaurant in DC to discuss an issue related to the IAEA debate in Vienna, he expressed dismay that no one in Washington tried to contact him about this issue of great concern to New Delhi.

#### Participants

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#### 12. (U) USG Participants:

State Assistant Secretary for South Asia Christina Rocca  
Commerce Deputy Assistant Secretary for Export Administration  
Matthew Borman (Oct. 21)  
Embassy New Delhi DCM Bob Blake  
Embassy Political Counselor Geoffrey Pyatt  
Embassy Science Counselor Marco DiCapua (Oct. 21)  
Embassy DHS Customs Representative Jim Dozier (Oct. 21)  
State Non-Proliferation Bureau Caroline Russell  
State Arms Control Bureau Tom McIlvain  
State India DeskOff Jim Seevers  
Defense, OSD Country Director Jim Alverson (Oct. 21)  
Embassy PolMilOff Stacy Gilbert (notetaker)

#### GOI Participants:

MEA Additional Secretary (International Security) Meera  
Shankar (Oct. 20)  
MEA Joint Secretary (Americas) S. Jaishankar  
MEA Director (Americas) Renu Pall  
MEA Director (Disarmament and Int'l Security) Venu Rajamony  
(Oct. 20)  
MEA Deputy Secretary (Americas) Santosh Jha  
MEA Under Secretary (Disarmament and Int'l Security) Nutan  
Kapoor  
MOD Defense Research and Development Organization, Dr. Anup  
Chatterjee  
Dept of Atomic Energy, Dr. S.D. Misra  
Dept of Atomic Energy, Scientific Officer, Dr. A.B. Awati  
Dept of Space, ISRO Director, Dr. Rajeev Lochan  
Consultant to MEA, Dr. V. Siddhartha (Oct. 20)

13. (U) This cable has been cleared by A/S Rocca and  
Commerce DAS Borman.  
MULFORD